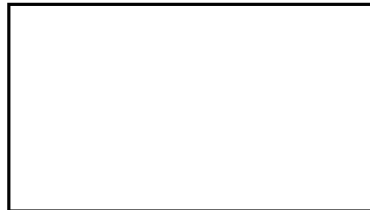


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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 12 September 1978 CG NIDC 78/213

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National Intelligence Daily Cable for Tuesday, 12 September 1978.

The NID Cable is for the purpose of informing senior US officials.

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NICARAGUA: Situation Report

25X1 [] Sandinista guerrilla attacks, which began in Managua and several other Nicaraguan cities Saturday night, are continuing with various degrees of intensity in at least four provincial cities. The Somoza government has declared a 30-day state of siege in Esteli and Masaya and has launched operations to regain control of the cities. President Somoza will not risk weakening his defenses in Managua, however, so the fighting could continue for several days.

25X1 [] The guerrilla strikes and the fear created by the increased violence have helped the two-week-old national work stoppage recapture some of its strength.

25X1 [] The private sector, however, may be facing major financial problems. The strike is also hurting the government economically, but foreign firms are expected to comply with the government's request for advance tax payments. [] 25X1

IRAN: Troops and Tanks Patrol

25X1 [] Tehran is relatively quiet as troops and tanks patrol the streets.

25X1 [] Under martial law, newspapers and photographs are being censored. A considerable number of opposition figures are under arrest, as are several businessmen and at least one former cabinet member apparently charged with corruption.

25X1 [] A day of mourning scheduled yesterday for those killed on 8 September seems to have passed without significant incident in Tehran, but according to the press five people were killed in clashes in other cities. [] 25X1

GREECE-USSR: Rallis' Visit

25X1 [] Greek Foreign Minister George Rallis completed a seven-day visit to the USSR on Sunday. The visit, the first by a Greek foreign minister since the establishment of relations between the two countries in 1924, is part of Prime

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Minister Karamanlis' effort to normalize Greece's historically cool relations with the Soviets. Soviet Premier Kosygin has invited Karamanlis to visit Moscow.

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[] Most Greeks viewed the trip as a way to show the West that Greece cannot be taken for granted and to counter their Turkish rivals, who have moved faster in broadening their ties to Moscow.

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[] The Greeks and Soviets signed a cultural and a consular agreement and apparently agreed to look into greater cooperation in such areas as energy and trade. Soviet Foreign Minister Gromyko also stressed the desirability of greater "political cooperation."

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[] The statements of Soviet leaders and a communique issued yesterday, however, gave only an equivocal endorsement of the Greek position on the Cyprus dispute, and made no mention of an earlier Soviet proposal for an international conference to deal with the Cyprus issue--a suggestion vehemently opposed by Turkey. The Soviet position on the Aegean dispute was also equivocal; Soviet interests and positions on this problem coincide more with those of Turkey.

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[] During his meeting with Rallis, Kosygin extended an invitation for Karamanlis to visit Moscow. The visit is likely to take place sometime next year and will be preceded by a visit to Athens by Gromyko. To demonstrate the improvement in Soviet-Greek relations, two Greek destroyers yesterday left for a goodwill visit to Odessa; the Soviets will reciprocate with a naval visit to Piraeus in October. These are the first such visits since World War II. []

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CHILE: Anniversary Speech

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[] In a major speech yesterday marking the fifth anniversary of the military overthrow of the Allende government, Chilean President Pinochet said that a new constitution would be submitted to the voters next year, but that elections under the new constitution to create a civilian government would not be held until 1985.

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[REDACTED] As he has done in previous anniversary addresses, Pinochet discussed the nation's social and economic situation and its international relations. He touched on a number of sensitive subjects, including the Letelier case.

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[REDACTED] Pinochet asserted that US "interventionist tendencies" have not helped US-Chilean relations, but he saw some hopeful signs. The Chilean Government, he said, has cooperated on the Letelier case and attaches great importance to efforts by both governments to keep the case in the judicial sector and out of the political arena "where interested parties have sought to push both countries."

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[REDACTED] On the Beagle Channel dispute, Pinochet said Chile had entered into talks with Argentina in good faith in the hope of finding a solution. He added, however, that Chile will defend its sovereignty rights and that its national defense was strong enough to meet any "foreign aggression." [REDACTED]

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USSR: Harvest New Record Crop

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[REDACTED] //The USSR is likely to harvest a record grain crop of more than 224 million tons this year, at least 15 percent more than in 1977 and somewhat more than in the previous record year. The US Department of Agriculture expects that its estimate of Soviet grain production of 220 million tons could be exceeded if weather for harvesting the remaining crop is favorable. Unless the Soviet crop is considerably in excess of 224 million tons, we expect Moscow to purchase 15 million to 20 million tons of grain for delivery during the 1978-79 marketing year.//

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[REDACTED] //Most Soviet crop regions have done well this year; in most years, one part of the country experiences a good harvest while another part suffers from adverse weather conditions. We now anticipate average or above-average yields in most areas, the result of this season's ample soil moisture.//

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[REDACTED] //Roughly two-thirds of the Soviet grain area, and an even larger portion of the total grain output, has been harvested. Rainy weather during harvesting has lowered grain quality in some areas, but overall the pace of the harvest is close to the average of the past few years.//

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[REDACTED] //Prospects for the other major Soviet crops remain generally less favorable than for grain crops, the result of this season's cool weather and sometimes excessive moisture conditions. Cotton production is likely to be near a record, but output of potatoes, sugar beets, vegetables, and sunflower seeds probably will fall short of 1978 plan levels.//

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[REDACTED] //The estimate of Soviet import requirements of 15 million to 20 million tons of grain is based on Soviet plans for expanding the livestock sector. Moscow is in a strong balance of payments position and should have little difficulty in financing such imports, which at current prices would be worth between \$1.5 billion and \$2 billion.//

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[REDACTED] //The relatively high level of world supplies this year increases Soviet flexibility in planning and executing the grain buying program. We believe the Soviets are unlikely to come to the US for more than 8 million tons. Under the terms of the US-USSR Long-Term Grain Agreement, Moscow is committed to buy at least 6 million tons of US corn and wheat annually and may purchase as much as 8 million tons without prior consultation.//

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[REDACTED] //We expect that 5.5 million to 6 million tons of non-US wheat and 4.5 million to 5.0 million tons of coarse grains will be available for export to the Soviet Union--mainly from Argentina, Canada, Australia, and the EC. To date about 2 million to 2.5 million tons of non-US grain have been ordered by the USSR for delivery in the 1979 marketing year.//

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BRIEF

Poland

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[REDACTED] Poland is continuing to raise prices on selected consumer goods. Last week, the regime boosted the price of potato flour by 58 percent--a much larger increase than any imposed

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so far this year. Although potato flour is not important in the Polish diet, the price increase will reinforce the population's pessimism about their economic future.

25X1 [] Consumer price increases began in March, when the government raised gasoline and oil prices by an average of 20 percent--the first significant price increase for consumer goods since the abortive attempt to raise meat prices in June 1976. This was followed by a 25-percent price hike for alcoholic beverages and a 20-percent increase for meat sold in "commercial" shops. []

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